BILL ANALYSIS

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Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	**Torrico/Skinner**	**AB 1983**

SUBJECT

Safely Surrendered Baby Fund

SUMMARY

This bill would allow taxpayers to make voluntary contributions to the Safely Surrendered Baby Fund on their state personal income tax returns.

PURPOSE OF BILL

According to the author's office, the purpose of this bill is to allow taxpayers to make donations to supplement funding for public awareness of and training classes for safely surrendering newborn babies.

EFFECTIVE/OPERATIVE DATE

Assuming enactment on or before September 30, 2010, this bill would be effective and operative beginning on or after January 1, 2011. As such, the fund could first appear on 2010 personal income tax returns filed on or after January 1, 2011.

ANALYSIS

FEDERAL/STATE LAW

Current federal tax law provides a check off to direct $3 of a taxpayer's tax liability to the presidential election fund. Designation of the $3 amount does not affect a taxpayer's tax liability or refund amount.

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their personal income tax returns to the 15 voluntary contribution funds (VCFs) listed on the state tax return. Each fund provides for the reimbursement of the Franchise Tax Board's (FTB's) and the Controller's actual costs to administer the fund.

Except for the California Seniors Special Fund, which has no sunset date, the voluntary contribution funds have various sunset dates. Generally, the initial minimum contribution amount is $250,000, which is indexed annually for each fund.

Current state law provides that if the number of contingent voluntary contribution designations[1] that are eligible to be added to the return is greater than the number of designations removed, then the voluntary contribution designations will be queued and added to the return in order of the date of enactment.

THIS BILL

This bill would establish the Safely Surrendered Baby Fund and would allow taxpayers to designate their own funds (not tax liability) for contribution to the fund on their personal income tax returns in full dollar amounts of $1 or more. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the original personal income tax return for the taxable year and, once made, are irrevocable.

This bill would require the FTB to revise the personal income tax return to include a designation space for the fund beginning with the first taxable year that another voluntary contribution fund is removed. This designation could be added to the 2010 tax return filed on or after January 1, 2011.

For the second taxable year the fund is on the return, this bill would require the fund to meet the $250,000 minimum contribution test. The FTB is required to estimate by September 1 of each calendar year after the first taxable year the fund appears on tax returns that contributions made under this bill will be less than $250,000 (as indexed for inflation). The law authorizing designations for this fund would be repealed if contributions made under this bill will be less than the minimum contribution amount.

This bill would allow the voluntary contribution designation to remain on the tax return for five years unless a later enacted statute deletes or extends that date. This designation could be added to the 2010 tax return filed on or after January 1, 2011.

Beginning with the third calendar year after the fund appears on the personal income tax return, the FTB would adjust the minimum contribution amount for the fund by September 1, of that year. The minimum contribution amount would adjust according to the California Consumer Price Index (also known as CCPI), as specified.

This bill would specify that if payments and credits reported on the return do not exceed the taxpayer's liability, then the taxpayer's return shall be treated as if no designation has been made. If no designee is specified, a designated contribution amount would be transferred to the General Fund.

This bill would require the Controller to transfer money designated for this fund by taxpayers from the Personal Income Tax Fund to the Safely Surrendered Baby Fund.

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1 A contingent voluntary contribution designation is a voluntary contribution designation that contains specific language stating that it may not be added to the return until another voluntary contribution designation is removed from the return.

LEGISLATIVE HISTORY

AB 658 (Hayashi, et al., 2009/2010) would allow taxpayers to make voluntary contributions to the California Police Activities League (CALPAL) Fund on their state personal income tax returns. AB 658 is on the Senate Floor.

AB 1088 (Fletcher, 2009/2010) would allow taxpayers to make voluntary contributions to the California Veterans Homes Fund on their state personal income tax returns. AB 1088 is on the Senate Floor.

AB 2017 (Hall, 2009/2010) would allow taxpayers to make voluntary contributions to the California YMCA Youth and Government Fund on their state personal income tax returns. AB 2017 is on the Senate Floor.

SB 1076 (Price, 2009/2010) would allow taxpayers to make voluntary contributions to the Arts Council Fund on their state personal income tax returns. SB 1076 is on the Assembly Floor.

OTHER STATES' INFORMATION

The states surveyed include *Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York.* These states were selected due to their similarities to California's economy, business entity types, and tax laws.

Florida does not have a personal income tax but allows contribution designations on the state's motor vehicle registration and renewal forms.

Illinois, Massachusetts, Michigan, Minnesota, and New York allows for taxpayer contribution designations on the personal income tax returns; however, none of these states provide a voluntary contribution comparable to the one discussed in this bill.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of AB 1983 Effective On or After January 1, 2011 Assumed Enactment September 30, 2010		
2009-10	2010-11	2011-12
No Impact	No Impact	-$15,000

This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this bill.

If an itemized deduction is claimed for every dollar contributed to the fund and affected taxpayers have an average marginal tax rate of 6 percent, the estimated revenue loss of this bill would be approximately $15,000 annually ($250,000 x 6%).

Support/Opposition

Support:

The American Congress of Obstetricians and Gynecologists, California Catholic Conference, County Welfare Directors Associations of California, Planned Parenthood Affiliates of California

Opposition:

None on file.

VOTES

Assembly Floor – Ayes: 71, Noes: 0
Senate Floor – Ayes: 31, Noes: 0

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